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MEMORANDUM

SUBJECT: Haiti

1. Reference is made to your letter of 4 January 1974 to Mr. John O. Marsh, Jr., Assistant Secretary of Defense for Legislative Affairs, requesting information about the Republic of Haiti, and his reply of 21 January 1974.

2. While routine collection of investments, banking, and land tenure matters in Haiti is not our primary responsibility, we would like to provide you a brief, general idea on these subjects from information available to us from various sources.

3. According to 1972 figures, the total foreign investment in Haiti was US\$45 million, with 28.5 million of that amount coming from U.S. investors. <sup>(63%)</sup> France and Canada also have investments in Haiti in more than negligible amounts. No figures for 1973 are made available yet, although it is known that the government attained a more favorable fiscal position and foreign investment was increasing. We would like to point out that, in general, economic statements and data concerning Haiti are informal and based mainly upon estimates and must therefore be treated with caution. (The Haitian Statistical Institute, for example, can provide only partial data on most subjects. Foreign trade statistics in Haiti are usually not true values, and budget figures are arbitrarily made to balance.) Assembly industries, construction, and tourism pace the economy. The category called light manufactures, including all assembly and transformation products, is the leading export component. Haiti is the world's largest exporter of baseballs. Bauxite, sugar, coffee, essential oils, sisal, copper, cacao and miscellaneous products follow in the list of exports.

4. Concerning land tenure, at present it is one of basically small holdings producing primarily for the domestic market and only secondarily for the export market. As of 1972 agriculture was characterized by the existence of a large number of small subsistence plots

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worked by traditional methods. It has been estimated that 90 percent of the farms are smaller than fifteen acres; 8 percent are between fifteen and sixty-five acres in size; and 2 percent are larger than sixty-five acres. A few wealthy citizens own homes in the country, but the land itself has belonged to the peasant since the early days of the Republic. In sharp contrast to other Latin American countries, the Republic of Haiti has not had a landed oligarchy.

5. "Kickbacks" on the part of foreign "operators" appear to be a common practice in Haiti, generally involving Haitian officials. Five percent seems frequently expected, but the amounts vary, of course, depending on the services rendered, the number of people involved, and the business volume. As you know, we are proscribed by law and established policy from collecting and disseminating information relating to the activities of U.S. citizens. The bulk of foreign "operators" in Haiti are probably American.

6. With regard to banking, the official currency is the gourde, although the U.S. dollar is also legal tender in Haiti. The official rate of exchange is 5 gourdes to US \$1. No black market exists in Haiti, but it is known that Haitian banknotes have been quoted at a discount by New York City banks since 1961. In late 1972 the banking system consisted of three government banks and credit facilities and seven private banks. The oldest and largest is the government-owned National Bank of the Republic of Haiti (Banque Nationale de la Republique d'Haiti-BNRH). The BNRH is both a central bank and a commercial bank. In addition to issuing money and acting as the state's fiscal agent, it also controls the banking system, rediscounts commercial paper for the private banks, and carries out all regular commercial functions plus some nonbanking services, such as operating the Port au Prince wharf. The BNRH is managed by a five-man board of directors appointed by the president of the Republic; one of the five is named the bank's president and general director. The current director is Mr. Antonio ANDRE. There is no securities exchange system in Haiti that would permit domestic firms to raise capital from local sources. A few companies issue bonds and stocks but have them traded on the over-the-counter market in New York City. About 35 insurance firms operate in Haiti, but only two or three are Haitian-owned. Most persons, particularly small farmers, do not have access to institutionalized credit because tangible property is usually required as collateral. Such persons obtain their credit needs from moneylenders, middlemen, or exporters. Repayment of such loans need not be in cash but may be in kind. Interest is high, but in some cases a social relationship exists between the lender and the borrower, and little or no interest is charged.

7. We hope that you find the above of some value.